

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN

**FILED**

2016 DEC -5 P 4: 56

In re:

The Administration of the  
United States Bankruptcy Court  
for the Eastern District of Michigan

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U.S. BANKRUPTCY COURT  
E.D. MICHIGAN-DETROIT  
Administrative Order  
No. 16-08

**ADMINISTRATIVE ORDER AMENDING LOCAL  
BANKRUPTCY RULE 7067-1 REGARDING DEPOSIT, WITHDRAWAL AND  
INVESTMENT OF FUNDS IN THE COURT REGISTRY INVESTMENT SYSTEM**

E.D. Mich. LBR 7067-1 governs the deposit, withdrawal and investment of funds in the Court Registry Investment System. Recently, the Administrative Office of the United States Courts provided guidance to the United States Courts related to tax administration requirements for certain interpleader funds deposited in the Court Registry Investment System and known as “disputed ownership funds.” This guidance was intended to ensure compliance with tax regulations and reporting requirements with respect to such funds. Based on this guidance, the Court has determined to amend subparts (a)(4), (5) and (6) of Local Bankruptcy Rule 7067-1 to clarify that this local bankruptcy rule applies to such “disputed ownership funds.” Accordingly,

**IT IS HEREBY ORDERED** that E.D. Mich. LBR 7067-1(a)(4), (5) and (6) are amended to read as follows:

**Rule 7067-1 Deposit, Withdrawal and Investment of Funds in the Court  
Registry Investment System**

**(a) Deposit Order.** A proposed order for deposit of funds into the Court Registry Investment System (“CRIS”) must state:

...

(4) that an account for the case, including case name and number, will be established in the CRIS titled in the name of the case giving rise to the investment, and if applicable, that disputed ownership funds (“DOF”) deposited in an interpleader case under 28 U.S.C. § 1335 will be invested in the CRIS Disputed Ownership Fund;

(5) that the director of AOUSC, as custodian for CRIS, is authorized and directed to:

(i) deduct the CRIS fee for management of the Liquidity Fund (or other Alternative Fund);

(ii) deduct the DOF fee for management and tax administration of the CRIS Disputed Ownership Fund;

(iii) provide tax administration services for the CRIS Disputed Ownership Fund, including the withholding and payment of federal taxes on behalf of the CRIS Disputed Ownership Fund;

(6) that on appointment of an administrator in a case authorized to incur expenses to be paid from statutory interpleader funds held in the CRIS Disputed Ownership Fund, the court will order transfer of the funds to another investment account.

Copies of both a redlined and clean version of amended Local Bankruptcy Rule 7067-1(a)(4), (5) and (6) are attached that reflect the changes to subparts (a)(4), (5) and (6). The remainder of Local Bankruptcy Rule 7067-1 is unchanged.

  
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**PHILLIP J. SHEFFERLY, Chief Judge**  
**United States Bankruptcy Court**

Dated: December 5, 2016

**Rule 7067-1 Deposit, Withdrawal and Investment of Funds in the Court Registry Investment System**

**(a) Deposit Order.** A proposed order for deposit of funds into the Court Registry Investment System (“CRIS”) must state:

- (1) the amount to be deposited;
- (2) that the deposit is being made pursuant to 28 U.S.C. § 2041;
- (3) that funds on deposit in CRIS are administered by the Administrative Office of the United States Court (“AOUSC”) pursuant to 28 U.S.C. § 2045;

(4) that an account for the case, including case name and number, will be established in the CRIS titled in the name of the case giving rise to the investment ~~in the fund, and if applicable, that disputed ownership funds (“DOF”) deposited in an interpleader case under 28 U.S.C. § 1335 will be invested in the CRIS Disputed Ownership Fund;~~

(5) that the director of AOUSC, as custodian for CRIS, is authorized and directed to: ~~deduct the investment service fee for the management of investments in CRIS and the registry fee for maintaining accounts deposited with the court.~~

(i) deduct the CRIS fee for management of the Liquidity Fund (or other Alternative Fund);

(ii) deduct the DOF fee for management and tax administration of the CRIS Disputed Ownership Fund;

(iii) provide tax administration services for the CRIS Disputed Ownership Fund, including the withholding and payment of federal taxes on behalf of the CRIS Disputed Ownership Fund;

(6) that on appointment of an administrator in a case authorized to incur expenses to be paid from statutory interpleader funds held in the CRIS Disputed Ownership Fund, the court will order transfer of the funds to another investment account.

**(b) Order for Withdrawal of Funds.** A proposed order for withdrawal of funds held in CRIS must state:

- (1) the names, addresses and last four digits of the social security or full employer identification numbers of the recipients of the funds;

(2) the amount of any fee payable to the United States in accordance with the CRIS fee schedule; and

(3) the amount of principal and interest to be paid to each recipient.

The proposed order must be submitted to the clerk or to the clerk's designee for approval as to form before it is submitted to the judge. After entry, the moving party must deliver the order to the clerk.

**(c) Receipt of Funds.**

(1) Money must not be sent to the court or its officers for deposit in the court's registry without an order signed by the presiding judge in the case.

(2) The party making the deposit or transferring the funds to the court's registry must serve the order permitting the deposit or transfer on the clerk of the court.

**(d) Investment of Registry Funds.** Where, by order of the court, funds on deposit with the court are to be placed in some form of interest-bearing account, the CRIS, administered by the AOUSC under 28 U.S.C. § 2045 will be the only investment mechanism authorized.

**(e) Transition from Former Investment Procedures.** Parties not wishing to transfer certain existing registry deposits into the CRIS may seek leave to transfer them to the litigants or their designees on motion for approval of the judge assigned to the specific case.

**Rule 7067-1 Deposit, Withdrawal and Investment of Funds in the Court Registry Investment System**

**(a) Deposit Order.** A proposed order for deposit of funds into the Court Registry Investment System (“CRIS”) must state:

- (1) the amount to be deposited;
- (2) that the deposit is being made pursuant to 28 U.S.C. § 2041;
- (3) that funds on deposit in CRIS are administered by the Administrative Office of the United States Court (“AOUSC”) pursuant to 28 U.S.C. § 2045;

(4) that an account for the case, including case name and number, will be established in the CRIS titled in the name of the case giving rise to the investment, and if applicable, that disputed ownership funds (“DOF”) deposited in an interpleader case under 28 U.S.C. § 1335 will be invested in the CRIS Disputed Ownership Fund;

(5) that the director of AOUSC, as custodian for CRIS, is authorized and directed to:

(i) deduct the CRIS fee for management of the Liquidity Fund (or other Alternative Fund);

(ii) deduct the DOF fee for management and tax administration of the CRIS Disputed Ownership Fund;

(iii) provide tax administration services for the CRIS Disputed Ownership Fund, including the withholding and payment of federal taxes on behalf of the CRIS Disputed Ownership Fund;

(6) that on appointment of an administrator in a case authorized to incur expenses to be paid from statutory interpleader funds held in the CRIS Disputed Ownership Fund, the court will order transfer of the funds to another investment account.

**(b) Order for Withdrawal of Funds.** A proposed order for withdrawal of funds held in CRIS must state:

(1) the names, addresses and last four digits of the social security or full employer identification numbers of the recipients of the funds;

(2) the amount of any fee payable to the United States in accordance with the CRIS fee schedule; and

(3) the amount of principal and interest to be paid to each recipient.

The proposed order must be submitted to the clerk or to the clerk's designee for approval as to form before it is submitted to the judge. After entry, the moving party must deliver the order to the clerk.

**(c) Receipt of Funds.**

(1) Money must not be sent to the court or its officers for deposit in the court's registry without an order signed by the presiding judge in the case.

(2) The party making the deposit or transferring the funds to the court's registry must serve the order permitting the deposit or transfer on the clerk of the court.

**(d) Investment of Registry Funds.** Where, by order of the court, funds on deposit with the court are to be placed in some form of interest-bearing account, the CRIS, administered by the AOUSC under 28 U.S.C. § 2045 will be the only investment mechanism authorized.

**(e) Transition from Former Investment Procedures.** Parties not wishing to transfer certain existing registry deposits into the CRIS may seek leave to transfer them to the litigants or their designees on motion for approval of the judge assigned to the specific case.